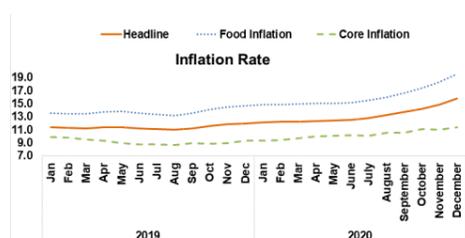
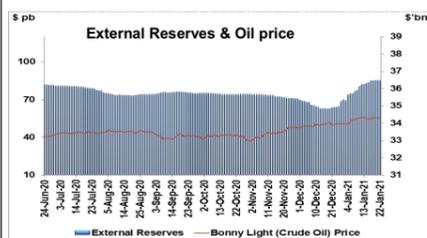
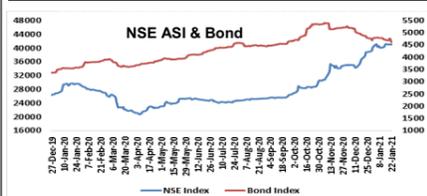


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-3.62	Q3 2020 — higher by 2.48% compared to -6.1% in Q2 2020
Broad Money Supply (N' trillion)	36.59	Increased by 1.3% in November' 2020 from N36.12 trillion in October' 2020
Credit to Private Sector (N' trillion)	29.34	Increased by 0.85% in November' 2020 from N29.09 trillion in October' 2020
Currency in Circulation (N' trillion)	2.66	Increased by 6.43% in November' 2020 from N2.5 trillion in October' 2020
Inflation rate (%) (y-o-y)	15.75	Increased to 15.75% in December 2020 from 14.89% in November 2020
Monetary Policy Rate (%)	11.5	Adjusted to 11.5% in September 2020 from 12.5%
Interest Rate (Asymmetrical Corridor)	11.5 (+1/-7)	Lending rate changed to 12.5% & Deposit rate 4.5%
External Reserves (US\$ million)	36.48	January 20, 2020 figure — an increase of 2.35% from January start
Oil Price (US\$/Barrel)	55.77	January 21, 2020 figure— an increase of 1.58% from the prior week
Oil Production mbpd (OPEC)	1.42	December 2020, figure — a decrease of 1.9% from November 2020 figure



Market Analysis and Outlook: January 22 – January 29, 2021

Global Economy

The U.S. Department of Labour reported that the number of Americans filing for unemployment benefits dipped to 900,000 in the week ended January 16th, from the previous week's five-month high of 926,000. However, claims remained well above pre-pandemic levels and will likely remain higher for some time as the number of COVID-19 infections continue to rise at record rates, prompting many US states to impose restrictive measures to respond to the outbreak. On a non-seasonally adjusted basis, the number of claims fell to 961,000, compared with 1.11 million in the previous week. Also, about 424,000 people applied for help from the Pandemic Unemployment Assistance scheme, which covers workers that do not qualify for initial claims, compared with 285,000 in the previous period. In a separate development, the Bank of Japan left its key short-term interest rate unchanged at -0.1% and maintained the target for the 10-year Japanese government bond yield at around 0% during its January meeting by a 7-1 vote. The central bank reaffirmed it would not hesitate to take additional easing measures if necessary. In 2020, the BoJ eased monetary policy twice, mostly by expanding asset-buying and creating a new facility to deliver funds through financial institutions to companies hit by coronavirus. Elsewhere, the Central Bank of Brazil unilaterally decided to keep its benchmark interest rate at an all-time low of 2% on 20 January 2021. The Policymakers said that recent indicators suggest an improved but uneven recovery in domestic economic activity as uncertainty about growth remains larger than usual. Committee members noted that inflation readings were higher than expected, as the headline for December jumped to 4.5% from 4.3% in the previous month, rising for the seventh. Still, the bank warned that uncertainty remains unusually high and that it will change to a balance-of-risks approach rather than forward guidance. The Committee warned that the removal of the forward guidance does not mechanically imply interest rates increases, since, at this moment, uncertainties regarding the evolution of growth still suggest an extraordinarily strong monetary stimulus.

Domestic Economy

The Nigeria Customs Service released mandatory guidelines that would guide and ensure the smooth implementation of the African Continental Free Trade Agreement (AfCFTA) across the country. It also stated that the service was awaiting directives on the list of tariffs for the implementation of the continental agreement. The revenue generating body said that the public should endeavour to abide by the steps required for the smooth implementation of the AfCFTA. The service hinted there was need for each member country to have a representative in the continental chamber of commerce so as to ensure transparency in the system. Nigeria recorded Foreign Direct Investment (FDI) totalling \$90million in October according to figures obtained from the Central Bank of Nigeria. The banking regulator disclosed in its monthly economic report that in the review period, capital inflow declined by 71.4% due to tight global financial conditions, as countries, particularly, the developed economies struggled with the second wave of the COVID-19 pandemic. A disaggregation of inflow in the review period showed that foreign direct investments at \$0.09bn accounted for 45.8% of total inflow, foreign portfolio investment at \$0.01bn accounted for 5.6% of total inflow, while other investments, largely in form of loans, were \$0.09bn or 48.6% of the total inflow.

cautious as they reposition their portfolio in light of companies financial scorecard for the year 2020.

Money Market

Lenders charge at the short end of the interest rate curve surged last week as systemic liquidity significantly declined following FX Retail Secondary Market Intervention Sales (SMIS) auction and industry-wide Cash Reserve Ratio (CRR) debit. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates jumped to 10% and 10.5% from 0.5% and 1% previous week. However, the slightly longer dated instruments such as 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.46% and 0.55% from 0.75% and 0.81% the prior week. This week, rates are expected to reverse to lower levels following inflow of Open Market Operation (OMO) maturity into the system.

Foreign Exchange Market

The Naira weakened against the dollar across most market segments. The paucity of dollars persisted during last week trading session at the Investors and Exporters window as the demand for funds continued to outweigh the supply from exporters and corporates. Naira at the Nigerian Autonomous Foreign Exchange (NAFEX) window depreciated by 27 kobo to close at N393.79/US\$, while the parallel market lost N2 to settle at N477/US\$. However, the official rate remained flat week-on-week at N379/US\$. Rates are expected to trade within a tight band this week as the CBN sustains its intervention program.

Bond Market

The bearish behaviour witnessed in the bond market persisted for the third consecutive week in January. The DMO sold a total of N120 billion across the 10, 15 and 25-year re-openings. Stop rates closed significantly higher than the preceding auction at 7.98%, 8.74% N180bps, 8.95% (N195bps) on the 2027, 2035 and 2045 bonds, respectively. Yields on the ten-, fifteen-, twenty-, twenty-five- and thirty-year debt papers finished at 6.17%, 8.96%, 8.52%, 9.02% and 8.97% from 6.04%, 8.32%, 7.98%, 8.63% and 8.01%. The Access Bank Bond index shed 88.29 points to settle at 4,609.60 points last week. We expect a similar trend this week with higher average yields across the curve.

Commodities

The price of oil rose slightly last week as investors hoped US large stimulus package from President-elect Joe Biden would boost fuel demand. In addition, treasury Secretary nominee said at her confirmation hearing Tuesday said that more fiscal aid is needed to help the US economy. Bonny light, Nigeria's benchmark crude ascended 1.58% to close at \$55.77 per barrel. In the same vein, precious metal prices were bullish as prospects for additional US fiscal measures boosted the metal's appeal as an inflation hedge. Biden and his Democrat-controlled Congress are due to roll out massive spending plans that include \$1,400 checks for most Americans, a temporary boost in unemployment benefits and a rise in the federal minimum wage to \$15 per hour. Consequently, gold prices climbed 1.49% or \$27.18 to finish at \$1,856.51 per ounce from \$1,829.33 per ounce. Silver settled at \$25.28 per ounce, a 1.89% drop from previous week. This week, oil prices are expected to be pressured amid persistent demand concerns and rising US stockpiles and mounting fears over COVID-19 social restrictions, particularly in China, the world's biggest oil importer. Safe-haven assets are expected to remain attractive due to lower real yields seen in the market.

Monthly Macro Economic Forecast

Variables	Jan'21	Feb'21	Mar'21
Exchange Rate (NAFEX) (N/\$)	392	393	393
Inflation Rate (%)	16.01	16.5	16.89
Crude Oil Price (US\$/Barrel)	52	53	53

STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	22/1/21	15/1/21	
NSE ASI	41,001.99	41,176.14	(0.42)
Market Cap (N'tr)	21.45	21.53	(0.38)
Volume (bn)	0.59	0.67	(11.27)
Value (N'bn)	5.07	6.40	(20.70)

MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	22/1/21	15/1/21	
OBB	10.0000	0.5000	950
O/N	10.5000	1.0000	950
CALL	0.6125	1.7250	(111)
30 Days	0.4626	0.7540	(29)
90 Days	0.5538	0.8122	(26)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	22/1/21	15/1/21	22/12/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	393.79	393.52	392.14
BDC (N)	0.00	0.00	0.00
Parallel (N)	477.00	475.00	476.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	22/1/21	15/1/21	
5-Year	1.74	1.77	(2)
7-Year	5.35	5.54	(19)
10-Year	6.17	6.04	12
15-Year	8.98	8.32	66
20-Year	8.52	7.98	54
25-Year	9.02	8.63	39
30-Year	8.97	8.01	97

Disclaimer
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COMMODITIES MARKET

Indicators	22/1/21	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil (\$/bbl)	55.77	1.58	(13.48)
Natural Gas (\$/MMBtu)	2.42	(11.03)	(20.81)
Agriculture			
Cocoa (\$/MT)	2511.00	(0.55)	29.70
Coffee (\$/lb.)	125.70	(2.82)	(3.46)
Cotton (\$/lb.)	82.16	1.28	6.01
Sugar (\$/lb.)	15.89	(3.40)	3.65
Wheat (\$/bu.)	653.25	(2.10)	50.69
Metals			
Gold (\$/t oz.)	1856.51	1.49	40.91
Silver (\$/t oz.)	25.28	1.89	47.06
Copper (\$/lb.)	357.70	(0.78)	9.12

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	22/1/21	15/1/21	
1 Mnth	0.23	0.13	10
3 Mnths	0.34	0.26	8
6 Mnths	0.53	0.48	5
9 Mnths	0.75	0.77	(2)
12 Mnths	0.94	0.90	4

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	22/1/21	15/1/21	
Index	4,609.60	4,697.89	(1.88)
Mkt Cap Gross (N'tr)	14.73	15.01	(1.88)
Mkt Cap Net (N'tr)	10.42	10.72	(2.82)
YTD return (%)	87.65	91.25	(3.60)
YTD return (%) (US \$)	-4.73	-1.14	(3.59)

TREASURY BILLS PMA AUCTION

Tenor	Amount million	N' Rate (%)	Date
91 Day	15,915.25	0.5	13-Jan-2021
182 Day	25,372.32	1	13-Jan-2021
364 Day	65,931.72	1.5	13-Jan-2021

Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.
* Crude oil (Bonny Light) is as at the previous day.

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